

Message Text

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63

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 EB-11 CIEP-02 TRSE-00 STR-08 OMB-01

CEA-02 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 /176 W

----- 049978

R 221640Z JAN 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 8368

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

UNCLAS COPENHAGEN 0200

E.O. 11652: N/A

TAGS: EFIN, EEC, DA

SUBJ: DANISH DISCOUNT RAISE AND FOREIGN BORROWING

1. ECONOMICS MINISTER NYBOE ANDERSEN ANNOUNCED JAN 22 INCREASE IN OFFICIAL DANISH DISCOUNT RATE FROM 9 TO 10 PERCENT. LAST PREVIOUS INCREASE TOOK PLACE DEC 21, THEN FROM 8 TO 9 PERCENT.

2. ANDERSEN REPORTED THAT CENTRAL BANK HAD PROPOSED AND GOVT APPROVED DISCOUNT INCREASE IN ORDER TO DEMONSTRATE DANISH DETERMINATION
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TO PROTECT DANISH KRONER WITHIN CONTINUED EUROPEAN MONETARY COOPER-

ATION.

3. ANOTHER MEANS TOWARD THE SAME END WAS GOVT'S REQUEST TODAY
FPR PARLIAMENTARY APPROVAL OF AN INCREASE OF TWOBILLION KRONER IN ITS
FOREIGN LOAN CEILING. ECONOMICS MINISTER REPORTED THAT ONLY ABOUT
500 MILLION KRONER REMAINED UNOBLIGATED UNDER PREVIOUSLY APPROVED
LOAN CEILING. GOVT INTENDS TO EXPLOIT PRESENT LOAN MARKET WHICH
IT JUDGES MORE FAVORABLE THAN COULD PROBABLY BE EXPECTED AT A LATER
TIME.

ADDITIONAL BORROWING ABROAD WOULD BE ENTIRELY FOR PURPOSES OF RE-
SERVE PROTECTION AND LOAN PROCEEDS WOULD BE DEPOSITED IN CENTRAL BANK

4. IT HAS BEEN PRACTICE FOR SEVERAL YEARS TO KEEP EQUIVALENT OF
TOTAL CENTRAL GOVT FOREIGN LOAN OBLIGATION IN SEPARATE ACCOUNT IN
CENTRALBANK. AT YEAR END 1973, ACCOUNT TOTALED 6.3 BILLION
KRONER.

5. COMMERCIAL BANK RATES ARE EXPECTED TO FOLLOW DISCOUNT RATE UP-
WARDS. THEY USUALLY HOLD A MARGIN OF 2.5 PERCENT ABOVE THE DISCOUNT
RATE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, DISCOUNT (CURRENCY), DISCOUNT (EXCHANGE RATE), KRONA, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974COPENH00200
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740125/aaaaaxof.tel
Line Count: 83
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUN 2002 by daviscw>; APPROVED <26 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DANISH DISCOUNT RAISE AND FOREIGN BORROWING
TAGS: EFIN, DA, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005